

NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
JULY 13, 2006, BOARD MEETING

BOARD MEMBERS PRESENT: Mark Sanford, President
Clarence Corneil, Trustee
Kim Franz, Trustee
Michael Gessner, Trustee
Lowell Latimer, Trustee

BOARD MEMBER ABSENT: Wayne Sanstead, State Superintendent
Kelly Schmidt, State Treasurer

STAFF PRESENT: Steve Cochrane, Executive Director
Fay Kopp, Deputy Executive Director
Bonnie Heit, Office Manager
Les Mason, Internal Audit Supervisor
Shelly Schumacher, Retirement Supervisor
Dottie Thorsen, Internal Auditor

OTHERS PRESENT: Gloria Lokken, NDEA
Scott Miller, Attorney General's Office
Janet Welk, ESPB

CALL TO ORDER:

Dr. Mark Sanford, President of the Teachers' Fund for Retirement (TFFR) Board of Trustees, called the meeting to order at 1:00 p.m. on Thursday, July 13, 2006, at the State Capitol, Missouri River Room, Bismarck, North Dakota.

THE FOLLOWING MEMBERS WERE PRESENT REPRESENTING A QUORUM: PRESIDENT SANFORD, MR. GESSNER, DR. LATIMER, MR. CORNEIL, AND MRS. FRANZ.

Dr. Sanford welcomed Mrs. Kim Franz to the Board. Mrs. Franz will represent active teachers and is filling the unexpired term of Mrs. Barb Evanson; July 1, 2006 - June 30, 2009.

Dr. Sanford also congratulated Mr. Mike Gessner who was reappointed to the Board. Mr. Gessner's term runs July 1, 2006 - June 30, 2011 and he also represents active teachers.

MINUTES:

The Board considered the minutes of the May 18, 2006, board meeting.

MR. CORNEIL MOVED AND MR. LATIMER SECONDED TO APPROVE THE MINUTES OF THE MAY 18, 2006, BOARD MEETING.

AYES: PRESIDENT SANFORD, MR. GESSNER, MR. CORNEIL, DR. LATIMER, AND MRS. FRANZ.

NAYS: NONE

ABSENT: DR. SANSTEAD, TREASURER SCHMIDT

MOTION CARRIED.

ELECTION OF 2006-07 OFFICERS:

President Sanford opened the floor for nominations for the position of President of the TFFR Board.

MR. CORNEIL NOMINATED DR. MARK SANFORD AS PRESIDENT. MR. LATIMER MOVED AND MR. CORNEIL SECONDED TO CEASE NOMINATIONS AND CAST A UNANIMOUS BALLOT FOR DR. SANFORD AS PRESIDENT.

AYES: MRS. FRANZ, PRESIDENT SANFORD, MR. GESSNER, MR. CORNEIL, AND DR. LATIMER

NAYS: NONE

ABSENT: TREASURER SCHMIDT AND DR. SANSTEAD

MOTION CARRIED.

President Sanford opened the floor for nominations for the position of Vice President of the TFFR Board.

MR. LATIMER NOMINATED MR. GESSNER AS VICE PRESIDENT. MR. LATIMER MOVED AND MR. CORNEIL SECONDED TO CEASE NOMINATIONS AND CAST A UNANIMOUS BALLOT FOR MR. GESSNER AS VICE PRESIDENT.

AYES: MR. CORNEIL, MRS. FRANZ, DR. LATIMER, PRESIDENT SANFORD, MR. GESSNER

NAYS: NONE

ABSENT: TREASURER SCHMIDT, DR. SANSTEAD

MOTION CARRIED.

President Sanford reviewed board member assignments to the State Investment Board (SIB). Membership on the SIB consists of one active administrator, one active teacher, one retired member, and the State

Treasurer. The Board also discussed the TFFR alternate to the SIB, the TFFR representative on the SIB Audit Committee and TFFR Benefits/Services Committee. After discussion,

DR. LATIMER MOVED AND MR. GESSNER SECONDED THAT PRESIDENT SANFORD, MR. GESSNER, AND MR. CORNEIL CONTINUE TO SERVE ON THE SIB WITH DR. SANSTEAD AS AN ALTERNATE; MR. GESSNER REPRESENT TFFR ON THE SIB AUDIT COMMITTEE; AND MRS. FRANZ, DR. SANSTEAD, AND MR. LATIMER ON THE TFFR BENEFITS/SERVICES COMMITTEE.

AYES: MR. GESSNER, DR. LATIMER, MRS. FRANZ, MR. CORNEIL, AND PRESIDENT SANFORD

NAYS: NONE

ABSENT: TREASURER SCHMIDT AND DR. SANSTEAD

MOTION CARRIED.

TFFR BOARD ACCOMPLISHMENTS:

Mrs. Fay Kopp, Deputy Executive Director, reviewed the 2005-06 TFFR Board Accomplishments and Program Monitoring Summary.

MR. GESSNER MOVED AND DR. LATIMER SECONDED TO ACCEPT THE 2005-06 TFFR BOARD ACCOMPLISHMENT AND PROGRAM MONITORING SUMMARY REPORTS.

AYES: MR. CORNEIL, MRS. FRANZ, DR. LATIMER, PRESIDENT SANFORD, AND MR. GESSNER

NAYS: NONE

ABSENT: TREASURER SCHMIDT AND DR. SANSTEAD

MOTION CARRIED

ANNUAL TFFR PROGRAM REVIEW:

The Board reviewed the TFFR Mission and Goals policies. After discussion, the Board requested that staff provide suggestions at the September meeting for adding or modifying goals in three main areas: investment and funding goals; benefit goals (2% multiplier and ad hoc retiree increase using fixed formula and/or percent based approach); and service goals.

Mrs. Kopp continued to review the Program Ends and Policies and updated the Board on potential future changes to the policies.

MR. CORNEIL MOVED AND MR. GESSNER SECONDED TO APPROVE THE ANNUAL POLICY REVIEW.

AYES: MRS. FRANZ, PRESIDENT SANFORD, DR. LATIMER, MR. GESSNER, AND MR. CORNEIL

NAYS: NONE

ABSENT: TREASURER SCHMIDT AND DR. SANSTEAD

MOTION CARRIED.

ANNUAL CUSTOMER SATISFACTION REPORTS:

Mrs. Kopp presented the annual TFFR Customer Satisfaction Surveys that were sent to the North Dakota Retired Teachers Association (NDRTA), the North Dakota Education Association (NDEA), the North Dakota Council of Educational Leaders (NDCEL), the North Dakota School Boards Association (NDSBA), and the North Dakota School Business Managers Association (NDSBMA - has not yet been received). She also presented member and employer outreach program evaluation responses. Mrs. Kopp noted the overall ratings and comments were very positive. Copies of the survey responses are on file at RIO.

President Sanford requested the Board's input for completion of the SIB Annual Customer Satisfaction Survey. The Board rated RIO staff and the services provided as excellent in all areas.

DR. LATIMER MOVED AND MRS. FRANZ SECONDED TO APPROVE THE TFFR ANNUAL CUSTOMER SATISFACTION REPORTS AS PRESENTED AND TO SUBMIT THE TFFR BOARD COMMENTS ON THE SIB'S ANNUAL CUSTOMER SATISFACTION SURVEY.

AYES: MRS. FRANZ, PRESIDENT SANFORD, DR. LATIMER, MR. GESSNER, AND MR. CORNEIL

NAYS: NONE

ABSENT: TREASURER SCHMIDT, DR. SANSTEAD

MOTION PASSED

SIB UPDATE:

Mr. Steve Cochran, Executive Director, reported the estimated return for TFFR for the year ending June 30, 2006 was 14.68%.

Mr. Cochran also reviewed the July 14, 2006, SIB meeting agenda.

MR. CORNEIL MOVED AND MR. GESSNER SECONDED TO APPROVE MR. COCHRANE'S REPORT AS PRESENTED.

AYES: MRS. FRANZ, MR. CORNEIL, MR. GESSNER, DR. LATIMER, AND PRESIDENT SANFORD.

ABSENT: TREASURER SCHMIDT, DR. SANSTEAD

MOTION PASSED

LEGISLATIVE UPDATE:

Mrs. Kopp reviewed materials that were presented at the Employee Benefits Programs Committee (EBPC) on June 21, 2006 by Mr. Scott Miller, Attorney General's Office, and herself. She also updated the Board on the questions and discussions that took place at that meeting.

CONSENT AGENDA:

MR. CORNEIL MOVED AND MRS. FRANZ SECONDED TO APPROVE TWO MEMBERS ELIGIBLE FOR PERMANENT DISABILITY BENEFITS AND ONE QUALIFIED DOMESTIC RELATIONS ORDER (QDRO).

AYES: PRESIDENT SANFORD, MRS. FRANZ, DR. LATIMER, MR. GESSNER, AND MR. CORNEIL

NAYS: NONE

ABSENT: TREASURER SCHMIDT, DR. SANSTEAD

MOTION CARRIED.

The Board recessed at 2:47 p.m. and reconvened at 2:58 p.m.

BOARD EDUCATION:

Recruiting and Retaining Quality Teachers - Ms. Janet Welk, Executive Director, Education Standards and Practices Board (ESPB), presented and reviewed the testimony that she provided to the EBPC at their June 21, 2006 meeting. A copy of Ms. Welk's report is on file at the Retirement and Investment Office (RIO).

OTHER:

Mrs. Kopp reported the National Council on Teacher Retirement (NCTR) annual trustee workshop is scheduled for July 29-31, 2006, at Park City, UT. Mr. Gessner and Mrs. Franz have been scheduled to attend.

She also noted information on NCTR's annual conference scheduled for October 13-18, 2006, in Austin, TX is included in the Board member's

packets. Trustees are to let staff know by the middle of August if they are interested in attending.

Mrs. Kopp also informed the Board the Retirement Administrative Assistant position has been vacant since the middle of February 2006. The office has advertised and interviewed a number of times and will continue to look at options to fill the position. Mrs. Kopp will keep the Board informed.

Mr. Miller informed the Board he has been offered a position with the Montana Public Employees Retirement Administration based in Helena, MT. The TFFR Board expressed their appreciation to Mr. Miller for his expertise and professionalism and he will be greatly missed.

EXECUTIVE SESSION:

President Sanford announced the Board would go into Executive Session to discuss confidential retirement information relating to an employer appeal of a member participation date. President Sanford reminded the Board that Executive Session discussion must be limited to the appeal issue only. Under North Dakota Century Code (NDCC) 44-04-19.1 (2), the Board has the legal authority to meet in Executive Session for the purpose of discussing confidential retirement information.

EXECUTIVE SESSION

Executive Session attendees included: Mrs. Franz, President Sanford, Dr. Latimer, Mr. Corneil, Mr. Gessner, Mr. Miller, and RIO staff.

Executive Session began at 3:38 p.m. and ended at 4:03 p.m.

OPEN SESSION

MR. CORNEIL MOVED AND MR. GESSNER SECONDED TO DENY THE APPEAL AND REQUIRE THE PAYMENT OF MEMBER AND EMPLOYER CONTRIBUTIONS RETROACTIVE TO JULY 1, 2004, THE DATE THE TEACHER BECAME LICENSED BY ESPB.

AYES: DR. LATIMER, MRS. FRANZ, PRESIDENT SANFORD, MR. GESSNER, AND MR. CORNEIL

NAYS: NONE

ABSENT: TREASURER SCHMIDT, DR. SANSTEAD

MOTION CARRIED.

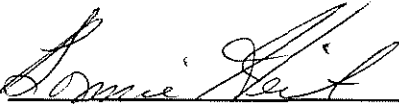
ADJOURNMENT:

With no further business to come before the Board, President Sanford adjourned the meeting at 4:05 p.m.

Respectfully Submitted:



Dr. Mark Sanford, President
Teachers' Fund for Retirement Board



Bonnie Heit
Reporting Secretary